

Message Text

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15

ACTION NEA-12

INFO OCT-01 EUR-25 EA-11 ISO-00 IO-14 AEC-11 AID-20 CEA-02

CIAE-00 CIEP-02 COME-00 DODE-00 EB-11 FEA-02 FPC-01

H-03 INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07

RSC-01 SAM-01 SCI-06 SPC-03 SS-20 STR-08 TRSE-00

DRC-01 /191 W

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P R 140345Z MAR 74

FM AMEMBASSY DACCA

TO SECSTATE WASHDC PRIORITY 2419

AMEMBASSY SINGAPORE PRIORITY

AMEMBASSY JAKARTA PRIORITY

INFO AMEMBASSY NEW DELHI

AMEMBASSY RANGOON

AMEMBASSY LONDON

AMEMBASSY PARIS

AMCONSUL CALCUTTA

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E.O. 11652: N/A

TAGS: ENRG BG

SUBJECT: PETROLEUM EXPLORATION: NEGOTIATIONS WITH COMPANIES RESUMED

REF: DACCA 565

SUMMARY: FOUR US FIRMS AND UNDOUBTEDLY NUMBER FROM OTHER COUNTRIES HAVE BEEN INVITED FOR DETAILED TALKS RE OIL EXPLORATION IN DACCA IN EARLY APRIL. SECRETARY NATURAL RESOURCES MINISTRY RELUCTANT TO CHARACTERIZE TALKS AS "FINAL ROUND"; NOT OUT OF QUESTION OTHER FIRMS MAY LATER BE INVITED TO APPEAR. MINISTRY HOWEVER AT LAST APPEARS TO BE MOVING AHEAD TOWARDS HARD DECISIONS. TWO OFFICIALS DISPATCHED TO INDONESIA TO CHECK OUT PRODUCTION-SHARING ARRANGEMENTS THERE. SEVERAL US FIRMS HAVE EXPRESSED INTEREST IN BEING

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ALERTED RE SUCH VISIT; EMBASSY REQUESTS APPROPRIATE ACTION OF

CERTAIN ADDRESSEES.

1. MINISTRY OF NATURAL RESOURCES HAS SENT TELEGRAMS ALERTING FOLLOWING US COMPANIES THEY WILL BE INVITED TO VISIT DACCA IN EARLY APRIL FOR DETAILED TALKS RE THEIR OIL EXPLORATION PROPOSALS: ASHLAND, ATLANTIC RICHFIELD, OCCIDENTAL AND UNION OF CALIFORNIA. MINISTRY SECRETARY DERAMAT ALI WAS NONCOMMITTAL WHEN ASKED BY EMBOFF WHETHER OTHER APPLICANT US COMPANIES WILL ALSO BE INVITED.

2. WE SUSPECT THAT LIST HAS AT LONG LAST BEEN CUT, AND SOME IF NOT ALL OF PREVIOUSLY ACTIVE US CANDIDATES WHO WERE SENT PRELIMINARY INVITATIONS TO NEGOTIATE IN MID-1973 AND OTHERS SENT WHAT WAS THEN THOUGHT TO BE FINAL INVITATIONS MAY NO LONGER BE IN RUNNING. THE FIRST CATEGORY INCLUDES: AMSCHUTZ OF DENVER, ARACCA OF DALLAS, GLAYCO OF NEW YORK, CONTINENTAL OF STAMFORD, DAVIS OIL OF DENVER, EASTERN PETROLEUM OF HOUSTON, INTERNATIONAL OIL EXPLORATION OF NEW YORK, OCEANIC EXPLORATION OF DENVER, OFFSHORE EXPLORATION OF PHILADELPHIA, READING AND BATES OF TULSA, SUMMIT ENERGY OF DALLAS. SECOND CATEGORY INCLUDES: TEXAS PACIFIC OF DALLAS, MESA PETROLEUM OF AMARILLO, AND CARLSBERG GROUP. ON OTHER HAND, IF NEGOTIATIONS WITH SELECTED FOUR DO NOT PROCEED WELL, IT WOULD APPEAR THAT AT LEAST CARLSBERG WOULD BE INVITED TO COME FORWARD AND POSSIBLY ALSO PHILLIPS PETROLEUM, A VERY LATE ENTRANT.

3. UNDOUBTEDLY FIRMS FROM OTHER COUNTRIES ALSO INVITED. IDENTITIES NOT REVEALED.

4. ALI RELUCTANT TO CHARACTERIZE COMING NEGOTIATIONS AS "FINAL ROUND". HE SEEMED UNCERTAIN AS TO HOW MANY AWARDS WOULD BE MADE, DIVIDING UP TOTAL OFFSHORE-ONSHORE AREA TO BE ALLOCATED. ALI ALSO NOT CLEAR ON WHETHER PETROLEUM LAW HAS BEEN FINALIZED AND REGULATIONS PROMULGATED. UNDP PETROLEUM-LAW CONSULTANT HASAN ZAKARIYA HAS DEPARTED, HIS MISSION APPARENTLY ACCOMPLISHED. ALI EQUALLY NOT CLEAR ON WHETHER BDG WILL PROPOSE MODEL CONTRACT WITH WHICH PREVIOUS EXPLORATION PROPOSALS MUST NOW BE MADE TO CONFORM.

5. APPEARS HOWEVER THAT BDG HAS MADE UP ITS MIND TO MOVE AHEAD TO SIGN PRODUCTION-SHARING CONTRACTS, ALONG LINES INDONESIAN MODEL. DEPUTY SECRETARY RAQIBUDDIN AHMED AND OFFICER ON SPECIAL DUTY AHMED REZA HAVE BEEN DISPATCHED TO INDONESIA FOR WHAT IS HOPED WILL LIMITED OFFICIAL USE

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BE FINAL REVIEW OF PRODUCTION-SHARING ARRANGEMENTS MADE BY INDONESIANS. TRIP HAS NOT RPT NOT BEEN PUBLICIZED; EMBASSY LEARNED OF IT BY CHANCE. AHMED AND REZA EXPECTED TO BE IN INDONESIA FOR ANOTHER WEEK. VISIT BY NATURAL RESOURCES MINISTER MAY STILL TAKE PLACE BUT PERHAPS AFTER RATHER THAN BEFORE FINAL NEGOTIATIONS OF PRODUCTION-SHARING AGREEMENTS.

6. (ADDITIONAL SECRETARY HEDAYET AHMED, WHO HAS BEEN LEADING POINT

OF CONTACT ON OIL EXPLORATION FOLLOWING ECLIPSE OF AHMED REZA, HAS BEEN TO INDIA TO CONFER WITH GOI ON EXPLORATION AGREEMENTS THERE BUT NOW IS OFF TO PERSIAN GULF AREA, WITH FOREIGN MINISTER ON RESUMED SEARCH FOR SUPPLY REFINED PRODUCT AND CRUDE FOR CHITTAGONG REFINERY. APPARENTLY WILL NOT RPT NOT BE VISITING INDONESIA EXCEPT POSSIBLY LATER WITH MINISTER.)

7. FOREGOING MAY BE SHARED WITH INTERESTED US OIL FIRMS, WITHOUT IDENTIFICATION COMPANIES NAMED OR REVELATION THAT FOUR SENT INVITATIONS THAT MIGHT RPT MIGHT BE FOR FINAL ROUND OF NEGOTIATIONS.

8. EMBASSY SINGAPORE REQUESTED TO INFORM FOLLOWING SPECIFICALLY OF AHMED/REXA VISIT TO INDONESIA-ELSTON OF ATLANTIC RICHFIELD, DAVIDSON OR BENNETT OF PHILLIPS PETROLEUM, SCHWARTZ OF UNION OIL. EMBASSY JAKARTA REQUESTED TO DO LIKEWISE WITH US FIRMS THERE INTERESTED IN EXPLORATION BANGLADESH: ASHLAND, IIAPCO/NATOMAS (WHICH PART OF CARLSBERG GROUP), AND READING & BATES; ALSO REPS OF ATLANTIC RICHFIELD, PHILLIPS, AND UNION, WHICH BASED IN INDONESIA AS WELL AS SINGAPORE. DEPARTMENT ASKED TO CONTACT RE AHMED/REZA VISIT ROTH OF CARLSBERG (STATE 31651 AND 38436) AND LITTLE OF READING & BATES (STATE 236188). WOULD APPRECIATE PROMPT COVERAGE BY ACTION ADDRESSEES IN ORDER AVOID ANY INFERENCE USG PLAYING FAVORITES IN DISSEMINATION INFO RE OIL EXPLORATION HERE.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPLORATORY DRILLING, OIL FIELDS, MEETINGS, PROPOSALS (BID), NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 14 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974DACCA01150
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: DACCA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740344/aaaabpjj.tel
Line Count: 139
Locator: TEXT ON-LINE
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: DACCA 565
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 23 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 APR 2002 by ifshinsr>; APPROVED <27 JUN 2002 by morefirh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PETROLEUM EXPLORATION: NEGOTIATIONS WITH COMPANIES RESUMED
TAGS: ENRG, BG
To: STATE JAKARTA
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005